

This letter discusses proper documentation of a tax-exempt sale to the U.S. Government. See 86 Ill. Adm. Code 130.2080. (This is a GIL.)

June 6, 2002

Dear Xxxxx:

This letter is in response to your letter dated April 26, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

Per our conversation this morning, I am faxing you a copy of the 'U.S. Tax Exemption Form' provided to us by the AGENCY for their upcoming event to be held here at the Hotel. They are seeking exemption from sales tax for food and beverage sales. Per their instructions we have registered on their website. The payment we receive will be an EFT directly from the AGENCY to our bank account.

We have requested an 'E-number' from the client, but they have not provided one and seem to think that the information I am faxing to you is sufficient for us to exempt them from sales tax.

What documentation do we as retailers need to keep in our records to justify exempting the AGENCY from Illinois Sales Tax?

Thank you for your assistance in clarifying this matter.

Under the Retailers' Occupation Tax and Use Tax, sellers required to collect tax must either charge tax or document an exemption when they make deliveries in Illinois. Sales to exempt organizations, such as the U.S. Government, must be documented in order to be exempt.

In Illinois, sales made to governmental bodies (Federal, State, local, or foreign) are not subject to Retailers' Occupation Tax, if properly documented. (See 86 Ill. Adm. Code 130.2080, enclosed.) In order to make a tax-exempt purchase, governmental bodies must provide the retailer with an active exemption identification number issued by the Department or present a U.S. Government Bank Card. Only sales of tangible personal property invoiced directly to the governmental body are exempt. Sales made to individual government employees who will be reimbursed by the government are subject to tax.

The U.S. Tax Exemption Form, SF 1094, that you have attached does not take the place of an exemption identification number issued by the Department or a U.S. Bank Card that is billed directly to the U.S. government. Therefore, it alone, is not sufficient to properly document an exempt sale.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

MPM:msk
Enc.